

## Public Agenda Item #9b

Review, Discussion and Consideration of the Real Estate Program:  
b. Proposed Private Real Estate Annual Tactical Plan for  
Fiscal Year 2017

May 17, 2016

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# Proposed Tactical Plan for FY2017

## *Agenda*



- Overview
- Fiscal Year 2016 In Review
- Targeted Commitments Through Fiscal Year 2020
- Projected Invested Capital Through Fiscal Year 2020
- Near Term Strategy
- IAC Recommendation and Board Approval

# Proposed Tactical Plan for FY2017

## Overview



- Private Real Estate Annual Tactical Plan is a guideline for investing
- Current value of Private Real Estate is \$1.9 billion
- Currently at 7.5% of the total ERS portfolio (target allocation is 7%)
- Commitments will be lower than previous years; targeting \$0 for FY2017, but with a range of \$0 to \$250 million
- \$35 million - \$100 million commitment sizes, but may be smaller or larger for niche or special situations

# Proposed Tactical Plan for FY2017

*Fiscal Year 2016 in Review*



FY 2016 Tactical Plan			FY 2016 Actual (as of March 31, 2016)	
Category	Number of new Investments	New Commitment in millions (range)	Number of New Commitments	Commitment Amount
Core	0 – 3	\$0 (\$0 - \$200)	2	\$35
Non-Core	2 – 13	\$75 (\$0 - \$300)	6	\$156
Total	2 – 15	\$200 (\$100 - \$300)	8	\$191

# Proposed Tactical Plan for FY2017

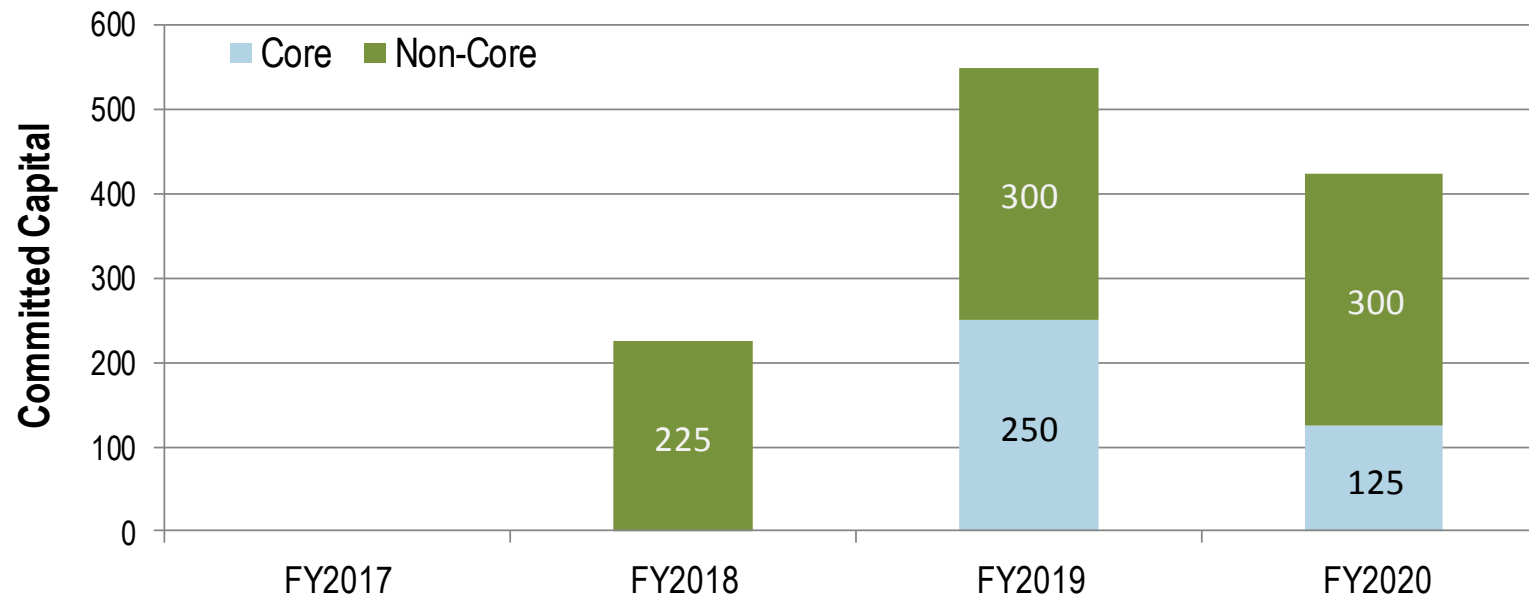
## *Fiscal Year 2017 Tactical Plan*



FY 2017 Tactical Plan		
Category	Number of new Investments	New Commitment in millions (range)
Core	0 – 3	\$0 (\$0 -\$250)
Non-Core	0 – 5	\$0 (\$0 - \$250)
<b>Total</b>	<b>0 – 8</b>	<b>\$0 (\$0 - \$250)</b>

# Proposed Tactical Plan for FY2017

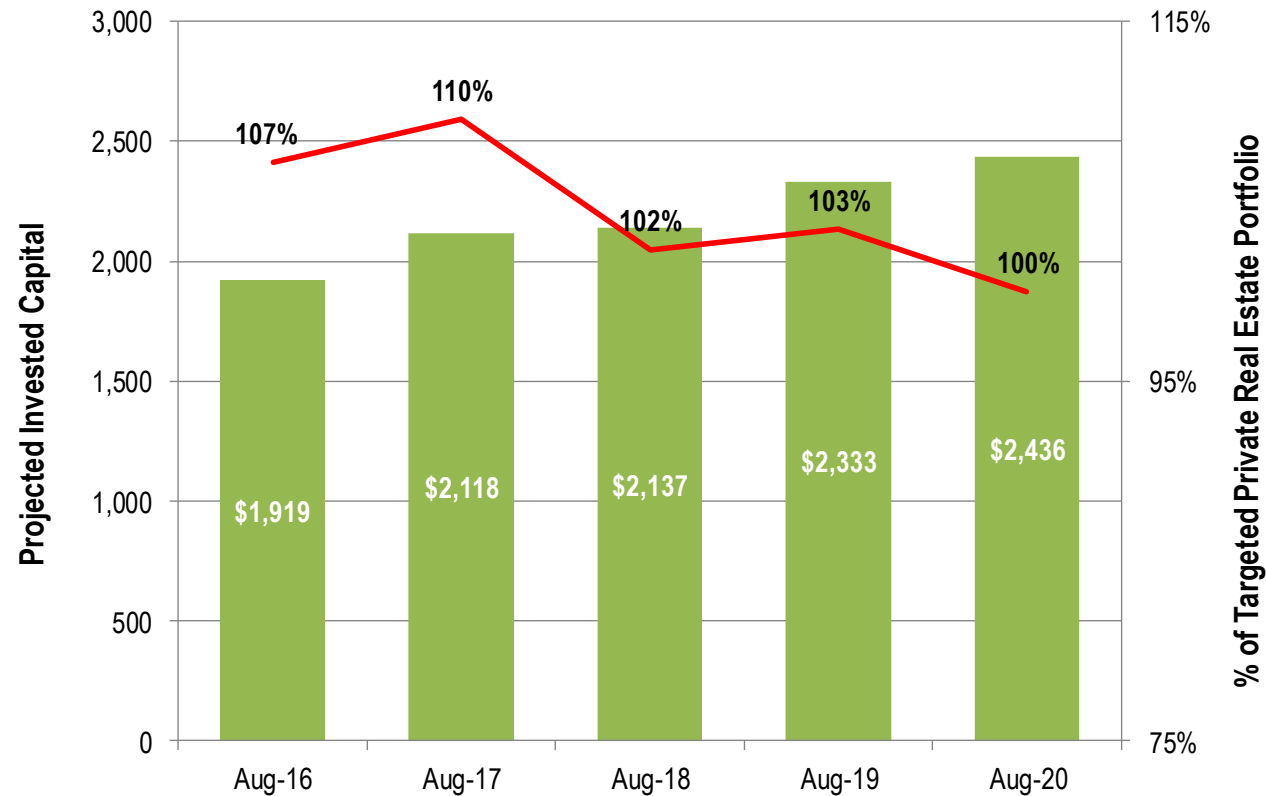
## Targeted Commitments Through Fiscal Year 2020



Targeted Annual Commitments (millions)	\$0	\$225	\$550	\$425
# of Investments	0-8	2-15	3-19	3-16

# Proposed Tactical Plan for FY2017

## Projected Invested Capital Through Fiscal Year 2020



# Proposed Tactical Plan for FY2017

## *Near Term Strategy*



- Commingled funds or deals with small groups of investors with significant potential to drive terms and conditions
- Niche type funds such as medical office, self-storage, manufactured housing
- Co-Investments, separate accounts, and programmatic joint ventures
- Focus on long term holds for select investments
- Selective international investments – Asia and Latin America, possibly Europe



# Proposed Tactical Plan for FY2017

## *Recommendation*



Staff recommends adoption of the proposed ERS Private Real Estate Annual Tactical Plan for Fiscal Year 2017

Questions?